

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Parcel Select Contract 5 (MC2014-4)
Negotiated Service Agreement

Docket No. CP2014-4

PUBLIC REPRESENTATIVE COMMENTS ON
THE UNITED STATES POSTAL SERVICE NOTICE OF AMENDMENT
TO PARCEL SELECT CONTRACT 5

(February 12, 2018)

The Public Representative hereby provides comments pursuant to the Commission's Notice Initiating Docket(s).¹ In that Notice, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service Notice of an amendment to Parcel Select Contract 5.² Attachment A to the Notice consists of a redacted version of the Amendment to Parcel Select Contract 5. The non-redacted amendment was filed under seal.

In Order No. 1867, the Commission approved the Postal Service's request to add a new product identified as Parcel Select Contract 5 to the Competitive product list.³ The Amendment updates the pricing and modifies multiple sections of the contract. The effective date of the Amendment is two business days following the day on which the Commission issues all necessary regulatory approvals.

COMMENTS

¹ Notice Initiating Docket(s) for Recent Postal Service Negotiated Service Agreement Filings, February 5, 2018 (Notice).

² USPS Notice of Change in Prices Pursuant to Amendment to Parcel Select Contract 5, February 1, 2018 (Amendment).

³ See Order No. 1867, Order Adding Parcel Select Contract 5 to the Competitive Product List, Docket Nos. MC2014-4/CP2014-4, November 1, 2013.

The Public Representative has reviewed Parcel Select Contract 5 and the Postal Service's Amendment. Based upon that review, the Public Representative recommends Commission approval of the Amendment to Parcel Select Contract 5. It appears that the contract as amended should continue to generate sufficient revenues to cover costs and thereby satisfies the standards of 39 U.S.C. § 3633(a). The Public Representative does note that the Postal Service failed to submit a workbook containing price and cost data with their filing. However, the Postal Service did promptly provide one upon the Commission's request. The Public Representative reminds the Postal Service that any contract involving price table changes should include a workbook for ease and expediency of analysis.

Requirements of 39 U.S.C. § 3633. Pursuant to 39 U.S.C. § 3633(a), the Postal Service's competitive prices must not result in the subsidization of competitive products by market dominant products; ensure that each competitive product will cover its attributable costs; and, ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service. Based upon a review of the financial model, it appears the prices as amended should continue to generate sufficient revenues to cover costs during the next year. In addition, the Postal Service must file revenue and cost data for Parcel Select Contract 5 in future Annual Compliance Reports. This data will permit the Commission to annually review the financial results for Parcel Select Contract 5 in future Annual Compliance Determination (ACD) reports for compliance with 39 U.S.C. § 3633(a).

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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